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IN THE

Supreme Court of the United States

NO. 358

OCTOBER TERM, 1956

THE COLD METAL PROCESS COMPANY and THE UNION NATIONAL BANK OF YOUNGSTOWN, OHIO, TRUSTEE, Petitioners,

v.

REPUBLIC STEEL CORPORATION, Respondent.

REPLY BRIEF FOR PETITIONERS

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TABLE OF ABBREVIATIONS

R. App.	Refers to respondent's appendix.
Pet. App.	Refers to petitioners' appendix.
R. Br.	Refers to respondent's brief.
J. App.	Refers to the Joint Appendix filed in the Court of Appeals.
Pet.	Refers to the petition for *certiorari*.

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I.

INTRODUCTION.

Although respondent, in its brief, evades the real issues presented by the petition and the fact that the decision below on those issues is clearly wrong and should be reversed by this Court, nothing stated in that brief destroys or detracts from the reasons asserted by petitioners in support of the granting of a writ of *certiorari*.

II.

AS TO QUESTIONS I-A TO I-D.

Respondent's argument as to Questions I-A to I-D misrepresents the holdings below.

Respondent (R. Br. 2, 25) asserts that the "controlling ground of the decision below lay in an express limitation" of the claims to save them from invalidity and that the Morgoil bearing mills are not within the scope

of the claims as so limited.* This is wholly incorrect. The Court of Appeals made no such holding. It did not even discuss the point.

Respondent (R. Br. 27) asserts that "all tribunals below recognized the invalidity of the claims in their breadth of assertion" and (R. Br. 25-26, 30) that the Court of Appeals' holding rests on the affirmance of the express limitation of the scope of the claims "to save them from invalidity." The Court of Appeals made no such holdings and did not even discuss the point.

Respondent (R. Br. 22, 27) also misstates the Master's holding. He did not limit the claims in the manner asserted. He held the claims of patent '195 calling for an antifriction mounting infringed by respondent's Morgoil bearing mills, and held the claims of patent '016 calling for an antifriction mounting or an antifriction backing infringed by such mills (J. App. I. 224, 262-63, 218, 174). Thus, the Master held (J. App. I. 218):

> "On the other hand, the term 'anti-friction mounting' as used in the specifications and in certain claims of patents '195 and '016, being broader than the expression 'anti-friction bearing' as used in those patents, includes and covers Morgoil bearings, even though the Morgoil bearing was not invented until after Steckel's conception and until after the issuance of his patents. See *Standard Paint Co. v. Bird* (C.C. S.D. N.Y.) 175 F. 346, aff'd 182 F. 1023."

Respondent itself, at the trial, took the position that, if the claims were valid over the defense of indefiniteness,

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* Respondent has furnished no supporting reference for this.

the Morgoil bearing mills infringed. It did not assert non-infringement. For example, it expressly stated (Pet. App. B, p. 109a):

> "Defendant does not contend that the Morgoil bearing does not come within the broad generic definition of 'antifriction mounting' (apart from a defense of indefiniteness) as presented in '016 (see Def. Main Br. pp. 185, 186) but does contend that the Morgoil bearing does not come within the definition of 'antifriction bearing' as set forth in '195 as meaning specifically cage type roller bearings (Def. Main Br. pp. 91, 92, 249-252)."

Respondent's whole argument is predicated upon the alleged limitation by the Courts below of the claims addressed to antifriction mountings or antifriction backings to cover only roller bearings or the large wheel-like structure disclosed in patent '016. While the District Court in its opinion made such a holding (J. App. I, 318, 330, 345), neither the Master nor the Court of Appeals so held.

Respondent asserts (R. Br. 23) that the Master "found that the Morgoil, due to its different *structural and operating* characteristics, was not an equivalent of the 'anti-friction bearing.'" Reference to the parts of the Joint Appendix relied upon by respondent in support of this statement shows that the Master made no such holding. The Master merely held that a Morgoil bearing was not a roller bearing or an antifriction bearing. But he also held that the Morgoil bearing is an antifriction mounting. The issue of equivalency between a Morgoil bearing, on the one hand, and a roller bearing or an antifriction bearing, on the other hand, was not even raised.

As to Questions I-A to I-D.

Respondent asserts (R. Br. 23, 26) that the District Court held the Morgoil bearing was not the equivalent of a roller bearing. This is wholly incorrect. The District Court, as pointed out in the petition, based its holding of non-infringement upon the grounds that the terms "roller bearing," "antifriction bearing" and "antifriction mounting" mean the same thing, namely, a roller bearing, and that the Morgoil bearing mills could not infringe since the Morgoil bearing was not developed until after the patents in suit issued (J. App. I. 327-28). The District Court did not even discuss the matter of equivalency, which respondent now says is the foundation of the District Court's decision.

Of course, whether a Morgoil bearing *per se* is or is not the equivalent of a roller bearing or an antifriction bearing is not the real issue here, for the claims in question are not limited to roller bearings or antifriction bearings. They employ the broad terms "antifriction mounting" and "antifriction backing"; and these terms, as the Master held, clearly encompass Morgoil bearings. The Court of Appeals erred in not arriving at this same conclusion, stating that it felt it unnecessary even to consider the meaning of the terms "antifriction mounting" and "antifriction bearing" (Pet. App. A, p. 26a).

The statement of the Court of Appeals that the Morgoil bearing "is not an equivalent of the roller bearing" is obviously the result of a mere comparison of the two types of bearings from the structural standpoint. But, whether the bearings, as bearings, can be considered equivalents is immaterial here, *the real question being whether the substitution of a Morgoil bearing for a roller bearing in the patented combination results*

in a different combination although the combinations, irrespective of whether the bearings are Morgoil bearings or roller bearings, perform the same strip rolling functions in the same way and accomplish the same results.

The Court of Appeals has completely misconceived the nature of the doctrine of equivalents as applied to combinations, as is apparent from this Court's decision in *Cochrane v. Deener,* (1876) 94 U.S. 780, wherein this Court stated (pp. 789-90):

> "Though some of the corresponding parts of the machinery, designated in this combination, are not the same in point of form in the two bolting apparatuses, and, separately considered, could not be regarded as identical or conflicting, yet having the same purpose in the combination, and effecting that purpose in substantially the same manner, they are the equivalents of each other in that regard. The claim of the patent is not confined to any particular form of apparatus, but (in regard to the valves, for example) embraces generally any valves for feeding and delivering the meal without allowing the air to pass through."

The failure of the Court of Appeals to apply the principles enunciated in *Cochrane v. Deener, supra,* stems directly from its erroneous conclusion that this Court had overruled that case in the *Halliburton* case (see Pet. pp. 13-15)

At to Questions II-A to II-D.

III.

AS TO QUESTIONS II-A TO II-D.

Regarding Questions II-A to II-D, inclusive, respondent (R. Br. 2) quotes a statement by the Master as to the "underlying issue" and then restates its version of the question presented. Neither is correct. The real issue is the scope of the rights granted by the 1927 agreement. The vital fact is that the lower Courts have so completely departed from legal standards in the construction of documents, as established by this Court, as to call for an exercise of this Court's power of supervision. The Courts below have departed from accepted standards in determining the scope of the license in the following respects:

(a) they have ignored the practical construction of the agreement by the parties over a long period of years;

(b) they have ignored the purpose of the parties in drawing the agreement, *i.e.*, to resolve the conflict as to "claims to common subject-matter";

(c) they have ignored the clear limitations in the agreement itself to "claims to common subject-matter"; and

(d) they have applied an unwarranted expansion of the doctrine of implied rights contrary to the decisions of this Court and the Courts of Appeals.

In view of certain findings by the Courts below (not here contested), petitioners admit that the license to United under the "claims to common subject-matter"

protects respondent *as to those claims,* but only as to those claims, *all of which are in patent '195 and none in patent '016.* The "full scope" of the grant is a limited license under those claims, and respondent is entitled to the enjoyment of the "full scope" of that grant; but, the enjoyment of immunity under patent '195 does *not* entitle it to immunity under patent '016, which relates to a different invention. Respondent has seen fit, in its commercial operations, to appropriate an invention under which no rights were granted, and it is now seeking to evade payment for its appropriation of that invention.

On the basis of some alleged "commercial status" of the parties, respondent attempts (R. Br. 4-5) to modify that language of the 1927 agreement which limits the rights granted to the "claims to common subject-matter." There is no substantial evidence to support this argument. It is based primarily on speculation. But, even if the parties had had that situation in mind, the fact remains that the rights granted were limited to the "claims to common subject-matter." Moreover, it is impossible to see how or why United's or respondent's rights under the agreement can be enlarged by the commercial situation when it is borne in mind that United, at that time, was not even making or selling mills within the scope of patent '016.

At the time of the agreement, Cold Metal had in operation several all-pull mills. They were within the scope of both patents '195 and '016. At that time, United had installed the Rome mill and had on order a number of other similar mills. The evidence shows that the Rome mill used only a winding tension and, hence, was

not an '016 mill.* Moreover, contrary to respondent's suggestion, there is no evidence to show that the 63 mills which United had on order involved the use of any tension.

Therefore, since there is nothing in the record to indicate that United was making and selling '016 mills, it is impossible to see how anything in the commercial situation of the parties can justify a complete disregard of the express limitations contained in the agreement.

Respondent now admits (R. Br. 8) that the Courts below held that the license was for "specific mill structures operated in a defined way." This admission points up the errors of the Courts below, for the agreement on its face shows conclusively that it was a license under certain claims only and not a license for specific mill structures. The Master, in a draft report (J. App. I. 274-91), recognized this distinction, but then later became confused and considered the license to be one for specific mill structures, thus ignoring completely the express limitation of the agreement to the "claims to common subject-matter." Respondent's admissions made earlier in this case completely refute its present arguments and the holdings of the Courts below, for it clearly admitted that the license was one "under certain common subject-matter claims" (J. App. VI. 455-56, 453).

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* It is significant that respondent, in its discussion of the Rome mill (R. Br. 4) omits that part of the statement of the Court below to the effect that only a "small" amount of tension was employed on it (Pet. App. A, p. 30a).

At to Questions II-A to II-D.

Respondent's argument (R. Br. 9-10) based upon Chart I ignores the limitation in the agreement "under such claim or claims" which limits the immunity granted to the '195 claims. Also, by its bracketed interlineations in Paragraph 5 of the chart, respondent misrepresents the true meaning of the words "under such claim or claims." That chart is of no value from respondent's standpoint, but it does serve to point up the fact that the part bracketed in blue only is outside the scope of the grant embraced within the red lines.

Respondent's argument (R. Br. 10) about not being able to enjoy the full scope of the license grant again ignores the essential nature of the grant and the fact that it was limited to "claims to common subject-matter," *i.e.*, the claims of patent '195. Respondent's argument likewise ignores the fact that enjoyment of "the full scope of the license grant" merely means enjoyment of immunity under the claims under which the rights were granted. The holdings of the Court below relied upon by respondent (R. Br. 10-11) likewise fail to recognize and give effect to the express limitation of the grant to the "claims to common subject-matter."*

Respondent argues (R. Br. 11-12) that "the express license granted was specifically for 4-high mills embodying the '195 claims and operated with up to 50% tension" and then makes the astonishing assertion that "Cold Metal cannot and does not deny" this. Cold Metal does

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*A mere reference to the parts of the opinions quoted by respondent shows that the tribunals below completely misconstrued the nature of the grant, treating it as a grant on specific mills instead of a grant under specific claims.

deny this and always has, as its arguments demonstrate. The language used by respondent to characterize the agreement is not found anywhere in it. The agreement does not even purport to grant a license on mills "embodying the '195 claims." It purports to grant, was intended to grant, and does grant only a license under the "claims to common subject-matter," none of which is in patent '016.

Respondent (R. Br. 13-14) attempts to refute petitioners' argument based upon the "practical construction" of the agreement by the parties and the "conflict with the *United* litigation" by quoting from the opinion of the Court of Appeals the statement that "This is the first occasion on which immunity as to '016 could be formally claimed." This statement by the Court of Appeals certainly cannot help respondent because, as we have demonstrated (Pet. 24-25), that statement is wholly erroneous. United's customer, the Steel Corporation, many years ago (just like United's customer here) formally claimed and asserted immunity under patent '016 and the Court's holding in that case was exactly the opposite of the Court's holding in this case (Pet. 24).

As to the second paragraph quoted from the Court of Appeals' decision (R. Br. 13), we have demonstrated it to be wholly erroneous because the issue was passed upon in two prior decisions in the *United* litigation and decided contrary to the decision in the case at bar* (Pet. 22-23, 29).

Respondent (R. Br. 16-17) misstates the situation as to the *Steel Corporation* litigation. The facts, as

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*One of those decisions was based upon United's protestations that it had no rights in patent '016.

stated in the petition, are fully supported by the record in the *Steel Corporation* case, which is Exhibit P-279 in the case at bar. Furthermore, there can be no excuse for the advancement of the half-truth set forth in the footnote at page 17 of respondent's brief. Exhibit P-279 shows clearly that Cold Metal, in the *Steel Corporation* litigation, asserted patent '016 successfully against mills driven with less than 50% tension. The mills involved there were substantially the same as those involved here, as is shown by the comparison set forth in APPENDIX D appended hereto.

Respondent (R. Br. 18) recognizes that the existence of the many pending cases mentioned at pages 27-29 of the petition "makes it a possibility that an actual conflict" between the decision below and other decisions may develop, but brushes this possibility aside on the ground that this Court may later consider the issues if such a conflict develops. It is only by reviewing the case at bar that this Court can prevent substantial injustice to petitioners in this action resulting from the decision below. A later review of these important issues would not help petitioners so far as its recovery against respondent is concerned. Moreover, the possibility of a conflict developing is materially minimized by the fact that such a large portion of the pending litigation is in the Sixth Circuit (Pet. 27-28).

IV.

CONCLUSION.

We submit that, for the reasons stated in the petition, the writ should be granted.

Respectfully submitted,

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October 10, 1956

APPENDIX D.

Comparison of the Tension Values on the Steel Corporation's United Mills Held to Infringe Patent '016 With Those of Republic.

Steel Corporation Sheet Mills	
Steel Corporation values	14.5% to 18.1%
Cold Metal values	15.1% to 19.5%
Steel Corporation Tin Plate Mills	
Steel Corporation values	12.2% to 21.8%
Cold Metal values	13.2% to 21.7%
Republic's Mill No. 40	12.6% to 33.3%
Republic's 34" Reversing Mill	22.2% to 38.5%
Republic's 20" Reversing Mill	30.0% to 57.3%
Republic's Mill No. 44	14.2% to 31.8%
Republic's Niles Tandem Mill	8.0% to 44.1%
Republic's 54" Tandem Mill	10.4% to 38.6%
Republic's No. 1 Tandem Mill	12.8% to 35.8%

The tension values set forth above for the Steel Corporation's mills (Ex. P-278, Vol. VI, pp. 1257-58; Vol. IV, p. 39) were computed in the manner adopted by the Courts below in this case. However, if computed in the manner adopted by Judge Fake in the *Steel Corporation* case, the values are as follows:

Steel Corporation Tin Plate Mills	
Steel Corporation's values	14.3% to 28.12%
Cold Metal's values	13.2% to 32.8%
Steel Corporation Sheet Mills	
Steel Corporation's values	19.7% to 41.7%
Cold Metal's values	31.0% to 76.4%

The only figure above 50% for any of the Steel Corporation's United mills was obtained on only one

pass on one of the sheet mills, the values for the other passes on the same mills being slightly over 30%. Similarly, on respondent's 20" Reversing Mill, values over 50% were obtained on more than one pass.

Thus, the above figures show that respondent uses even more tension than did the Steel Corporation on its United mills held to infringe.

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Petitioners,

vs.

REPUBLIC STEEL CORPORATION,

Respondent.

REJOINDER BRIEF FOR RESPONDENT

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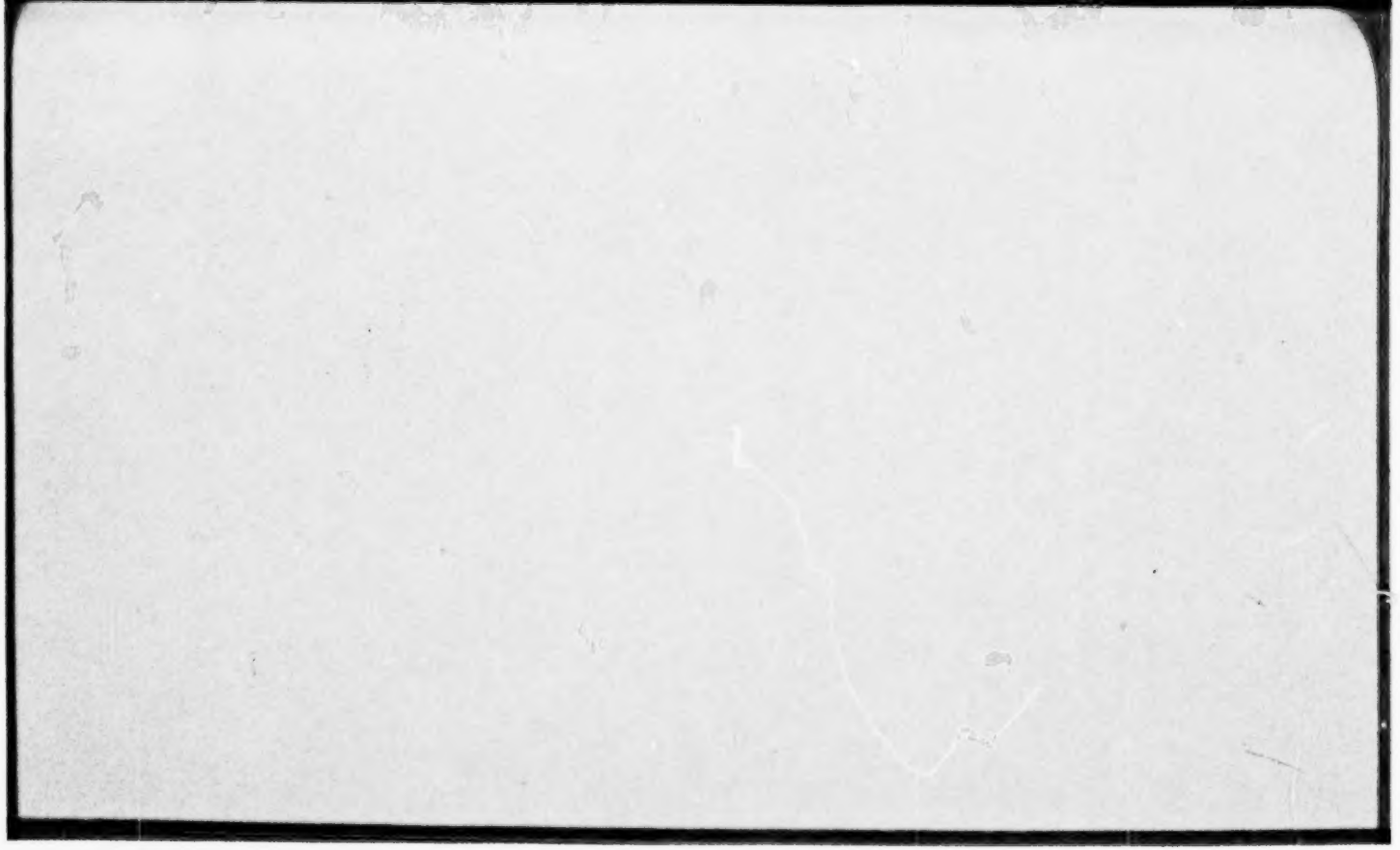

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THE COLD METAL PROCESS COMPANY and THE UNION NATIONAL BANK OF YOUNGSTOWN, OHIO, TRUSTEE,
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vs.

REPUBLIC STEEL CORPORATION,
Respondent.

REJOINDER BRIEF FOR RESPONDENT

A. As to Questions IA to ID

1. Petitioners do not controvert the fact (nor can they, in view of their concession that respondent is licensed under patent '195-Pet. Reply Br. pp. 6-7) that all issues as to patent '195 are and will remain moot in this case. Nor do they controvert the fact that all issues as to patent '016 are presently moot and will remain so unless and until Questions IIA to IID are considered appropriate for review and are resolved in petitioners' favor. Nor do they controvert the fact that Questions IA to ID inextricably intermingle the '195 and '016 patents. By such intermingling, the questions pose only moot issues and do not merit any consideration by this Court.

2. Petitioners' reply brief at best only emphasizes the fact that all that is here being sought is a further appellate review of purely factual matters decided adversely to their contentions by both Courts below. Such matters do not merit review by this Court.

3. Although petitioners again contend for a breadth of construction for the terms "antifriction backing" and "mounting" that would include the Morgoil bearings, they do so on the theory that the determinant is what the Morgoil bearing will do rather than its physical characteristics and manner of operation. In so contending they never meet the holding of the District Court, affirmed by the Court of Appeals, that such breadth of construction would, under the rule of the *Halliburton* case and other decisions of this Court (Res. Br. p. 27), render the claims invalid for indefiniteness.

B. As to Questions IIA to IID

1. Petitioners' reply brief further emphasizes the fact that petitioners are merely seeking further appellate review in an attempt to overturn the concurrent findings and holdings of the Master, District Court and Court of Appeals with respect to the interpretation of the particular wording of a private contract.

2. Petitioners, having had their contentions denied in all tribunals below, are attempting to have this Court sanction a course of conduct which would permit Cold Metal, as the District Court aptly put it, "to take away with its left hand that which it had promised to deliver with its right" (Res. App. A, 41a-42a). This Court should note that petitioners do not controvert the fact that operations which fall within the scope of the express grant, even as they view it, infringe the '016 patent as it was construed below to include mill operation with tension drives of below 50% (see Chart I, at end of Respondent's Appendix).

3. In an attempt to avoid the fact that the '016 patent was construed in the *Steel Corporation* case to encompass only tension drives of over 50%, and the further fact that the mills therein accused were found to infringe only because they were so operated (Res. Br. pp. 16-17), petitioners refer to incompetent exhibit material from that litigation as proof of fact in this action. The *Steel Corporation* case appeal record was admitted in evidence herein only on the express representation of petitioners counsel that such was not being offered "for the purpose of showing any of the facts introduced in evidence in that prior litigation"[1]. In any event, the values set forth in Appendix D to petitioners' reply brief and purportedly originating in the *Steel Corporation* record, certainly were not adopted or followed by Judge Fake in that litigation, for the figures set forth in Judge Fake's opinion (*22* F. Supp. 75, 80 2d Col.) cannot be found in either said Appendix D or in either of the two exhibits in the *Steel Corporation* record that petitioners refer to.

C. Conclusion

The petition for a writ of certiorari in all respects should be denied.

Respectfully submitted,

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[1]Transcript of Record p. 8864-6.